

Interim Guidance
Implementing the State Grant Performance Measures Template in FY07
Office of Congressional and Intergovernmental Relations
Office of Grants and Debarment
Office of Planning, Accountability, and Analysis
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Introduction

The FY 2007 President's Budget for EPA includes language requiring that EPA "develop a standardized template that all states will use to develop and submit their state grant agreements."¹ This guidance includes background on the template and provides supplemental implementation information that was not available for inclusion in the FY07 updates to the National Program Manager (NPM) guidance.

Grant workplans are often structured to reflect the requirements of state legislatures, governors, and executive agencies, yet must also support the EPA accountability systems for reporting and analyzing performance on a national, regional, state, or local level. EPA's overarching goal for developing the performance measures template in FY07 was to build on these existing, sophisticated regional-state processes while ensuring they include a standard set of performance measures that will provide the Agency, the Office of Management and Budget (OMB), and others with consistent performance reporting.

Developing a performance measures template with clear linkages to the *EPA Strategic Plan* will improve the ability of EPA and states to demonstrate results from categorical grants and Performance Partnership Grants (PPGs). It will also enhance the transparency of environmental and program outcomes in state grant workplans, make it easier to compare and analyze data over time and across states, and help focus EPA and states on management actions to improve outcomes.

Objectives

In consultation with the National Program Managers (NPMs), the regions and states, the objectives for the FY07 template are that it:

¹ **FY 2007 EPA President's Budget Language on State Grant Workplan Template**

MAKING GOVERNMENT MORE EFFECTIVE
Enhancing Accountability

The Administration believes that accountability improves a program's effectiveness and ensures resources are providing the intended results. However, while over half of EPA's budget provides grants to states to implement their environmental programs, EPA faces difficulties in getting states to report consistent, meaningful, performance information. To address this issue, EPA will develop a standardized template that all states will use to develop and submit their state grant agreements. This new template will include clear linkages to EPA's *Strategic Plan* and long-term and annual goals, as well as consistent requirements for regular performance reporting. It also will allow for meaningful comparisons between various states' past and planned activities and performance, making progress more visible and programs more transparent.

- Respond to the budget language;
- Facilitate national implementation in FY07;
- Achieve maximum involvement and ownership of the regions, NPMs, and states;
- Can be integrated with current and future efforts to improve performance measures;
- Use existing measures and data sources to the extent possible; and
- Augment current partnership agreements and grant workplans instead of restructuring or replacing them.

The template established for FY07 is an interim step to facilitate implementation in the first year. EPA has solicited input from the states and has worked to resolve many state concerns. Many states have been supportive of steps to improve and standardize performance measurement. However, they also view the template as a first step toward a larger joint effort to evaluate the entire universe of performance measures and reporting in order to identify the most useful measures (including potential new measures) and eliminate duplicative and low-value measures. The Agency will continue its collaboration with states to improve performance measurement, reduce reporting, and strengthen grant accountability.

Applicable Grants

The template applies to state grants for program implementation. It does not apply to project grants or to grants for program development activities. Tables 1 and 2 list the categorical grants that do/ do not require the performance measures template, respectively.

Table 1. Categorical Grants Subject to the Performance Measures Template	
<i>Office</i>	<i>Grant Program</i>
Office of Air and Radiation	State and Local Assistance (CAA Section 105)
	Radon
Office of Enforcement and Compliance Assurance	Toxic Substances Compliance (Lead and PCB/Asbestos)
	Pesticides Enforcement
Office of Prevention, Pesticides and Toxic Substances	Lead
	Pesticides Program Implementation
Office of Solid Waste and Emergency Response	Hazardous Waste Financial Assistance
	Brownfields (CERCLA Section 128)
	Underground Storage Tanks
Office of Water	Pollution Control (CWA Section 106)
	Non-point Source Pollution Control (CWA Section 319)
	Beaches Protection
	Public Water System Supervision
	Underground Injection Control

Table 2. Categorical Grants <i>NOT</i> Subject to the Performance Measures Template	
<i>Office</i>	<i>Grant Program</i>
Office of Water	Wetlands Program Development
	Targeted Watersheds
	Wastewater Operator Training
	Homeland Security
Office of Environmental Information	Environmental Information Exchange Network
Office of Prevention, Pesticides, and Toxic Substances	Pollution Prevention
Office of Enforcement and Compliance Assurance	Sectors Program

Supplemental Implementation Guidance

EPA and the states have worked through several implementation issues to date. This section provides supplemental guidance on a few process and policy matters that were not available for inclusion in the FY07 updates to the NPM guidance.

1. *Attaching the Template to Grant Workplans*

Each NPM has selected performance measures for the standardized template, which are included in the FY07 updates to each NPM's grant guidance. The template must be included with the categorical and PPG grant workplan for the applicable grants. The template must be attached to the workplan before the region (or NPM) can award FY07 grant funds to the state. The template also applies to previously approved workplans (e.g., open multi-year grants) intending to receive FY07 grant funds.

The template contains columns to input the following data for each measure: National Baseline, National Target, State Baseline, State Measurement, and Source of Data. The NPMs will fill in the National Baseline, National Target, Measurement Period, and Source of Data. The NPMs or regions, with input from the states, will fill in the State Baseline column. The regions shall seek input from the states on the baseline data. For measures that will be new in FY07, baseline information will not be available until FY08. The regions or the NPMs, with input from the states, will fill in the State Measurement column at the end of federal FY07. The regions must also provide the states with a sufficient review and comment period for reporting the end of year State Measurement data.

2. *Appropriate caveats to clarify the relationship between the performance measures template and the grant workplan*

There are significant challenges in attempting to use a concise list of simple and uniform performance measures that will fully reflect the effectiveness and efficiency of activities conducted by state agencies. States face a diverse array of environmental challenges which

influence the programs they implement. Many of the performance measures selected for this effort express progress in terms of environmental outcomes, such as reductions in the number of days per year that exceed the national ozone standard. These environmental outcomes may also rely on actions that go beyond the grant-funded programs of the state agency. In addition, while the standard set of performance measures is intended to be used by all states nationwide, some measures may not be applicable due to variation among the states' delegated programs and authorities. In some instances, states may perform activities that relate to these measures, but do not perform the work with funds provided by the state grant.

Due to these challenges, the states and EPA identified three circumstances when it is necessary to clarify the relationship between specific template measures and the grant workplan. EPA has drafted the following caveats to describe each circumstance. The template should reference the appropriate caveat where needed.

Caveats for Special Reporting Conditions

Important Note: The performance measures selected for the template are a subset of the overall universe of performance and accountability information that EPA and states report. Reporting for the purpose of the template, including the caveats described below, does not substitute for other performance and accountability reporting requirements.

I. Performance measures that reflect broad programmatic goals and may not be solely attributable to the activities funded by the grant.

Certain performance measures listed in the grant template express progress in terms of overall programmatic or environmental goals. In many cases state grants, in conjunction with federal- and state-funded pollution prevention and mitigation actions, and other actions by various parties will contribute to achieving these goals. However, it may be difficult to isolate the portion of the results achieved that are attributable to the grant-funded activity. There also may be multiple factors or constraints beyond the strategies and activities funded by the grant workplan that influence the results achieved.

For example, one PART measure in the template for Section 105 Clean Air Act grants is the reduction in the number of days during the ozone season that the national ambient air quality standard is exceeded. Success in this area depends not only on the actions that states take but also on the effectiveness of federal motor vehicle and fuel control technologies, and other complicating factors such as meteorology, economic activity, and demographic changes that can enhance or deter progress.

These measures will be reported on the template, but can be noted as "Results may not be solely attributable to the activities funded by the grant".

In subsequent years, EPA will work with states to better translate these broad measures into more grant-specific state goals.

II. Performance measures which are not applicable to a state grantee.

Some measures of performance will not be applicable to a state grant recipient for a variety of reasons. One reason could be that a state does not have the authorization or delegation to carry out a program that is the subject of a particular performance measure. For example, the performance measure for the hazardous waste financial assistance grants would not apply to a state that does not have an authorized hazardous waste program under the Resource Conservation and Recovery Act. Similarly, where EPA, in consultation with the state, determines an environmental problem is not applicable to a particular state, the state would not be expected to report on measures related to that problem.

Measures that meet this condition can be reported on the template as “Not Applicable”.

III. Performance measures for eligible activities that are not funded by the grant, but are currently reported by the state to meet other accountability requirements.

In some cases, a performance measure currently reported on by a state may relate to work that is an eligible activity under the grant but is being funded outside of the EPA-approved grant workplan (this work is not subject to EPA’s grant audit requirements). In these instances the measure will be reported as “Not applicable, results due to activities conducted outside of those funded by the grant workplan”.

3. *Reporting*

Reporting the template measures consist of two components: 1) one for the EPA project officer and state grant file, and 2) one for national reporting purposes.

a. *For the Grant File*

A hard copy of the populated template must be included in the project officer’s and the state’s grant file with the appropriate caveats included for specific measures. National reporting on the template measures will occur after the end of federal FY07.

b. *National Reporting on Template Measures*

NPMs will include all template measures in the Annual Commitment System (ACS). The Office of the Chief Financial Officer (OCFO) will provide specific instructions for coding the measures so they are flagged as state grant template measures. Regions will enter individual, state-by-state performance into the ACS for all template measures.

OCFO and the Office of Congressional and Intergovernmental Relations will work with the NPMs, with input from the states, to design and produce reports for their template measures that compare performance across states and against national baselines and targets and state baselines.

Some operational details with regard to reporting remain to be determined. Over the next months, the State-EPA Grants Workgroup and the Partnership and Performance Workgroup will meet to work out additional details.

4. *Contact Information:*

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